



Unemployment Insurance Trust Fund Report

Trust Fund Update May 2021

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of April 30, 2021, the Massachusetts Unemployment Insurance Trust Fund ending balance was -\$1.746 billion. This balance is the sum of the private contributory account balance of -\$1.886 billion and the governmental contributory account balance of \$140 million.

2021 ACTIVITY TO DATE

April's employer contributions of \$1.309 billion generated a year-to-date total of \$1.454 billion, an increase of \$434 million from the January to April 2020 contributions of \$1.020 billion.

Massachusetts borrowed \$17.7 million from the federal unemployment account bringing the 2021 year-to-date total advances to \$66.8 million.

In April, the American Rescue Plan Act (ARPA) federal funding for the first of week of payment of regular UI of \$6.5 million pushed the year-to-date total reimbursements to \$35.2 million. In addition, federal funding of \$5.9 million paid for seventy-five percent of private non-profit reimbursable employer benefit costs.

Year to date preliminary benefit payments of \$1.008 billion through April 2021 were \$366 million lower than those paid in the same time span in 2020 of \$1.374 billion. Year to date initial claims and continued weeks claimed were 65 percent and 31 percent lower than last year's totals through April, respectively, as Massachusetts starts to recover from the pandemic.

The seasonally adjusted unemployment rate in April 2021 improved to 6.4 percent from the April 2020 rate of 16.4 percent. The number of employed residents in April 2021 increased by 653,355 to 3,504,836 from April 2020's low of 2,851,481. Over the year, there were 317,546 fewer unemployed for a labor force gain of 335,809 reflecting the recovery.

With the recovery and lower unemployment, the Extended Benefits High Unemployment Program that provides up to 20 more weeks of unemployment for long term unemployed trigger off for weeks beginning April 4th. The

EB program will continue to provide up 13 additional weeks.

Recently enacted legislation removes Covid-19 related benefit charges from the private contributory solvency account and transfers the funds to a new account. This legislative change requires experience rates for 2021 private contributory eligible rated employers be rerun to reflect the lower solvency assessment. The tax rates for 2021 payrolls will reflect these changes. The recent enactment of this legislation has delayed revision of trust fund projections. It is anticipated that updated projections based on revised 2021 employer experience rates and the most recent Moody's Analytics Data Services forecasts on unemployment rates, labor force and wage and salary growth rates will be released in the August 2021 Outlook Report.